

Message Text

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P 181613Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE PRIORITY

AMCONSUL ZAGREB PRIORITY

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E.O. 11652: N/A

TAGS: PFOR, ENRG, YO

SUBJECT: KRSKO NUCLEAR POWER PROJECT: YUGOSLAV SUPPLIED
EQUIPMENT

REF: BELGRADE 3424

1. GALOVIC (FIRST SECRETARY OF YUGOSLAV EMBASSY) CALLED ON
EUR/EE OFFICERS JULY 16 TO FOLLOW UP AT THIS END ON VRHUNEC
DISCUSSION IN BELGRADE (REFTEL) CONCERNING PROBLEM BETWEEN
KRSKO INVESTORS AND WESTINGHOUSE.

2. GALOVIC ACKNOWLEDGED THAT WHILE THIS TYPE OF PROBLEM
COULD ONLY BE RESOLVED BY BUSINESS PARTNERS, GOY DESIRED TO
STRESS TO DEPARTMENT THE IMPORTANCE IT ASSIGNS TO LARGE
KRSKO PROJECT AND TO KRSKO'S RELATIONSHIP TO WIDER US-
YUGOSLAV TIES. HE ALSO STRESSED GOY DESIRE TO GET CON-
TRACTS SIGNED AND TO GET WORK ON PROJECT BEGUN ASAP.

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3. GALOVIC INFORMED US THAT HE HAD CALLED ON WESTINGHOUSE

VICE PRESIDENT HARRY JONES JUST BEFORE HE CAME TO SEE US TO DESCRIBE PROBLEM TO HIM WITH THE HOPE THAT IT WOULD BE RESOLVED WITHOUT DELAY. ACCORDING TO GALOVIC, JONES SAID HE WAS UNAWARE OF PROBLEM AND OF WESTINGHOUSE'S COMMITMENT TO PURCHASE \$20 MILLION WORTH OF YUGOSLAV GOODS AND SERVICES, BUT WOULD ATTEMPT TO OBTAIN ALL PERTINENT

INFORMATION IMMEDIATELY.

4. WE SUBSEQUENTLY DISCUSSED SUBJECT WITH JONES WHO SAYS HE HAS REQUESTED FULL DETAILS FROM WESTINGHOUSE OFFICIALS IN PITTSBURGH AND WILL BE BACK IN TOUCH WITH US.

5. COMMENT: GALOVIC ALSO MENTIONED THAT MEMBERS OF WEST GERMAN EMBASSY HERE HAD RECENTLY CALLED YUGOSLAV EMBASSY OFFICIALS CONCERNING RUMORS THAT EXIMBANK WAS IN TROUBLE AND MIGHT NOT BE ABLE TO FOLLOW THROUGH ON CREDIT FOR KRSKO. FROM DRIFT OF CONVERSATION IT SEEMED CLEAR THAT GALOVIC WAS ATTEMPTING TO EXERT SUBTLE PRESSURE BY ALLUDING TO CONTINUING WEST GERMAN INTEREST IN KRSKO PROJECT AND TO THE POSSIBILITY THAT CERTAIN YUGOSLAV OFFICIALS MIGHT BE HAVING SECOND THOUGHTS ABOUT WISDOM OF DEALING WITH AMERICAN FIRMS IN NUCLEAR POWER FIELD.
KISSINGER

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